

BILL ANALYSIS

C.S.H.B. 6
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Culture, Recreation, & Tourism
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Prior to 1993, the traditional source of revenue that allowed the Texas Parks and Wildlife Department (TPWD) to provide for acquisition, development, and maintenance of state and local parks for the past twenty years was failing to generate the funds required to handle the public's needs. The portion of the cigarette tax (two-cents per pack) that was dedicated to TPWD, proved to be a very unstable source of revenue, and beginning in the late 1980's started a steady decline. The 73rd Legislature passed HB 706, which replaced the cigarette tax with a portion of the revenue from the state sales tax attributable to the sale of certain sporting goods as a dedicated source of revenue for TPWD's park operations. The intent of the legislature in switching the Department's source of revenue from cigarette tax to that portion of the state sales tax attributable to sporting goods, was to provide a revenue base that would coincide with the department's various outdoor objectives, in addition to switching from the decreasing source of revenue provided by the cigarette tax to the increasing source provided by the sales tax attributable to sporting goods. Since this switch reduced the state's general revenue fund, the authorized appropriation for the 94-95 biennium was set equal to the revenue projection for the cigarette tax (\$27 million) and future appropriations were capped at \$32 million.

If the original intent had been followed and funded to mirror the growth of sporting goods sales, we would not be in the situation we face today. However, since 1995, the amount of revenue the Parks and Wildlife Department receives from a portion of the sales tax attributable to the sale of certain sporting goods, has been statutorily capped at \$32 million. There have been no increases to reflect either population growth, inflation or the fact that Texans and our visitors who use the parks and outdoors have consistently increased the amount expended annually on parks and sporting goods equipment. Based on the 2004 Texas Coalition for Conservation's Texas A&M University Survey, the park system generated over \$1.4 billion in economic activity (2004) and over \$1.6 billion in sales attributed to the "sporting goods tax.," which generates a multiplier to local merchants and businesses.

CSHB 6 seeks to remove the cap on the amount of revenue TPWD can receive from the sporting goods sales tax. This will allow TPWD to begin addressing the serious backlog of repairs on state parks, establish an ongoing maintenance program, acquisition of future park land, and continue the grant system for local parks. CSHB6 also establishes a large municipal fund which will prevent competition between large and small communities for funding.

RULEMAKING AUTHORITY

The bill grants rule making authority to the Texas Parks and Wildlife Department in SECTION 12 of this Act.

ANALYSIS

SECTION 1: Amends Section 11.035(b) of the Parks and Wildlife Code by requiring the department to credit the state parks account with an amount equal to 74 percent of the credits made to the department under Section 151.801 of the Tax Code, instead of \$1,125,000 per month and 40 percent of the credits.

SECTION 2: Amends Section 11.043(b) of the Parks and Wildlife Code by including allocation to the large municipality recreation and parks account.

SECTION 3: Adds a heading for Subchapter A to Chapter 24 of the Parks and Wildlife Code.

SECTION 4: Modifies the language in section 24.001 of the Parks and Wildlife Code to make it congruent with the other proposed changes.

SECTION 5: Modifies Section 24.002 of the Parks and Wildlife Code to include restrictions on the use of the Texas Recreation and Parks Account for grants to small municipalities and other political subdivisions not constituting a municipality.

SECTION 6: Amends the title of Section 24.003 of the Parks and Wildlife Code to include a section on revenue dedication.

Modifies the amount that shall be deposited into the Texas recreation and parks account to an amount equal to 15 percent of the credit made to the department, and to specify that the account may also receive money from any other source.

SECTIONS 7-11: Amends Sections 24.005(e), 24.008(a), 24.009, 24.011, and 24.013 of the Parks and Wildlife Code to make the bill congruent with the other proposed changes.

SECTION 12: Amends Chapter 24 of the Parks and Wildlife Code to include Subchapter B which sets forth a Large Municipality Recreation and Parks Account and describes limitations and use of the monies in the account.

SECTION 13: Amends section 151.801(c) of the Tax Code by crediting proceeds from the sporting goods tax to the Parks and Wildlife Department.

SECTION 14: This Act takes effect September 1, 2007.

EFFECTIVE DATE

September 1, 2007

COMPARISON OF ORIGINAL TO SUBSTITUTE

This substitute adds counties with a population of 500,000 or more to the recipients of monies from the Texas Parks and Wildlife Department and other grants. It also replaces the word "city" with "municipality" in the definition of a political subdivision. Finally, this committee substitute makes minor changes so that the language is congruent with the rest of the bill.